

EXHIBIT 45



2007 PR S.B. 1693

Enacted, April 24, 2007

Reporter

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**PUERTO RICO ADVANCE LEGISLATIVE SERVICE > FIFTEENTH LEGISLATURE -- FIFTH ORDINARY
SESSION > NO. 35 > SENATE BILL 1693**

Synopsis

AN ACT

To increase by three (3) percent all pensions granted effective the first (1st) of January 2004, or before, pursuant to the provisions of Act No. 10 of May 21, 1992; to grant a second increase of up to three (3) percent to pensions of less than one thousand two hundred and fifty (1,250) dollars per month, granted effective the first (1st) of January 2004 or before under the provisions of Act No. 447 of May 15, 1951, as amended; to amend subsection (A) of Section 2-101 and subsection (a) of Section 2-103 of Act No. 447 of May 15, 1951, as amended, in order to increase the minimum pension from three hundred (300) dollars to four hundred (400) dollars per month; to exclude from said increases the annuities granted under Act No. 305 of September 24, 1999; to provide the funds needed to cover the impact of said increases; [to] provide that the municipalities and the public corporations shall annually pay from their own resources the cost of these increases to the annuities of those who were employed there before being pensioned; and for other purposes.

Text

STATEMENT OF MOTIVES

Act No. 447 of May 15, 1951, as amended, established a retirement and benefits system for all public employees. The Retirement System, according to the provisions of the law now in effect, is a trust of the public employees whose function is to invest and look after the periodic contributions made by the employees and their respective employers so as to be able to make the corresponding employee retirement or disability pension payments in the future.

It is a known fact that with the passing of time the increase in the cost of living entails a relative decrease in the value of the annuities of the pensioners. For this reason, Act No. 10 of May 21, 1992, established that effective the first (1st) of January 1992, and subsequently every three years, all annuities to be paid by virtue of said Act because of age, years of service or disability that are in effect to that date and that had been received for the preceding three years would be increased by three (3) percent. Thus, the Government is faced with the moral obligation of helping to improve the quality of life of pensioners, those persons who gave the best years of their lives in the service of the People of Puerto Rico.

Therefore, in consideration of the obligation of the Government to attend to the needs of the pensioners through this Act, two (2) increases of three (3) percent are granted for those pensions provided by the aforementioned Act No. 447, and granted before the first (1st) of January 2004. The first increase shall be in effect the first (1st) of July 2007, retroactive to the first (1st) of January 2007, and the second increase, which is directed to increase for up to three (3) percent all pensions of less than one thousand two hundred and fifty (1,250) dollars without going over the established limit of one thousand two hundred and fifty (1,250) dollars per month, shall be effective the first (1st) of July 2008.

The funds needed to cover the cost of these two (2) increases, in reference to the pensioners of the Central Government, shall be charged to the General Fund and shall be consigned in the General Expenses Budget of the Government of the Commonwealth of Puerto Rico for each fiscal year as of Fiscal Years 2007-2008 and 2008-2009, respectively.

The retroactive cost of the first increase of three percent (3%) for the pensioners of the Central Government, the Public Corporations and the Municipalities shall proceed from appropriations of the General Fund of the Government of Puerto Rico.

On the other hand, the measure provides for an increase in the minimum pensions which at present amount to between three hundred (300) dollars and four hundred (400) dollars. All pensioners who receive less than the minimum monthly pension shall have their pension increase by an amount equal to the difference between the pension they receive and the minimum pension this measure provides. Said increase shall be effective to the first (1st) of July 2007, and shall be defrayed with the resources obtained from the bond issue of the Retirement Systems Administration for the Pensioners of the Central Government.

None of the increases granted shall apply to those persons who receive their annuities by virtue of Act No. 305 of September 24, 1999, which creates a Savings Account Program for the Retirement of the Employees of the Government of Puerto Rico.

The public corporations and the municipalities whose employees are covered under this Act, shall defray the cost represented by the increase in pensions, both the increase of three (3) percent and the increase in the minimum pension established by this Act for the pensioners of their corporations or municipalities.

Be it enacted by the Legislature of Puerto Rico:

Section 1.-- Effective the first (1st) of July 2007, and retroactive to the first (1st) of January 2007, all annuities paid under Act No. 447 of May 15, 1951, as amended [3 L.P.R.A. § 766 nt], for merit, age and years of service or disability that are in effect to that date and which have been granted effective the first (1st) of January or before, pursuant to the provisions of Act No. 10 of May 21, 1992, shall be increased by three (3) percent. The appropriation of the resources needed to cover the cost of the increase in the pensions of the pensioners of the Central Government shall be charged to the General Fund and shall be consigned in the General Expenses Budget of the Government of the Commonwealth of Puerto Rico for each fiscal year as of Fiscal Year 2007-2008.

The public corporations and the municipalities whose employees are covered under this Act, shall defray, from their own resources, the cost represented by the increase in pensions established by this Act for the pensioners of their corporations or municipalities as of Fiscal Year 2007-2008 and subsequent years.

The retroactive cost of the three percent (3%) increase for the pensioners of the Central Government, the Public Corporations and the Municipalities shall proceed from appropriations of the General Fund of the Government of Puerto Rico.

Section 2.-- Effective the first (1st) of July 2008, a second increase shall be granted for the annuities that have been awarded effective to the first (1st) of January 2004, or before, of up to three (3) percent to those pensioners who receive a monthly pension of less than one thousand two hundred and fifty (1,250) dollars per month, without going over the established limit of one thousand two hundred and fifty (1,250) dollars per month. The appropriation

of the resources needed to cover the cost of the increase in the pensions of pensioners of the Central Government shall be charged to the General Fund and be consigned in the General Expenses Budget of the Commonwealth of Puerto Rico for each fiscal year as of Fiscal Year 2008-2009.

The public corporations and the municipalities whose employees are covered under this Act shall defray, from their own resources, the cost represented by the increase in pensions established by this Act for the pensioners of their corporations or municipalities as of Fiscal Year 2008-2009.

Section 3.-- Subsection (A) of Section 2--101 of Act No. 447 of May 15, 1951, as amended [3 L.P.R.A. § 766], is hereby amended to read as follows:

"Section 2-101.-- Retirement Annuity

- A.** Upon separation from service, on or after reaching the ages, and after completing the period of service indicated below, all participants who have not been reimbursed their accrued contributions shall be entitled to receive a retirement annuity. Said annuity shall commence on the date in which the participant files his/her application for retirement, but in no case before his/her separation from the service.

...

However, a minimum pension of four hundred (400) dollars per month is hereby fixed for those participants who retire in accordance with the provisions of this Act or of any of the pension plans superseded by it. Every pensioner who receives a pension of less than four hundred (400) dollars per month shall receive, effective the 1st of July 2007, an increase of one hundred (100) dollars or the difference between the pension he/she receives to June 30, 2007, and four hundred (400) dollars per month, whichever is less ..."

Section 4.-- Subsection (a) of Section 2-103 of Act No. 447 of May 15, 1951, as amended [3 L.P.R.A. § 766d], is hereby amended to read as follows.

"Section 2-103.-- Annuities for new participants

- (a)** Annuity for years of service. Retirement shall be optional for new participants joining the System for the first time after April 1, 1990, as of the date in which they reach the age of sixty-five (65), have completed a minimum of ten (10) years of accredited services and have not requested or received the reimbursement from the accrued contributions. The amount of the annuity shall be one point five (1.5) percent of the average compensation multiplied by the years of accredited services. However, a minimum pension of four hundred (400) dollars per month, effective the 1st of July 2007, is hereby fixed for those participants who retire in accordance with the provisions of this Act. Every pensioner who receives a pension of less than four hundred (400) dollars per month shall receive, effective July 1, 2007, an increase of one hundred dollars (\$ 100) or the difference between the pension he/she receives up to June 30, 2007 and four hundred (400) dollars, whichever is less."

Section 5.-- The funds needed to cover the cost the increase in the minimum amount of the pensions of the pensioners of the Central Government shall proceed from the resources obtained through the issue of bonds of the Employees of the Government and the Judicature Retirement Systems Administration. The public corporations and the municipalities whose employees are covered under this Act, shall defray, from their own resources, the cost represented by the increase in the minimum pension established by this Act for the pensioners of their corporations or municipalities.

Section 6.-- The pensioners under the provisions of Act No. 305 of September 24, 1999 [3 L.P.R.A. § 766 nt], known as the Retirement Savings Accounts Program, shall be expressly excluded from the provisions of this Act.

Section 7.-- This Act shall take effect immediately after its approval.

History

Approved April 24, 2007

PUERTO RICO ADVANCE LEGISLATIVE SERVICE

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